

Message Text

LIMITED OFFICIAL USE

PAGE 01 COPENH 03091 101202Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 AGRE-00 SS-15 SP-02

COME-00 TRSE-00 NSCE-00 CIAE-00 INR-10 NSAE-00

L-03 STR-07 DODE-00 AID-05 OMB-01 DOE-15 SOE-02

DOTE-00 /091 W

-----059290 101430Z /41

R 100955Z MAY 78

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 6492

INFO AMEMBASSY MOSCOW

USLO PEKING

LIMITED OFFICIAL USE COPENHAGEN 3091

PASS AGRICULTURE

EO 11652: N/A

TAGS: OVIP, DA

SUBJ: SEC BERGLAND DISCUSSES CHINA WITH EAST ASIATIC CO.

1. DURING SECRETARY BERGLAND'S STOPOVER IN COPENHAGEN, AFTER HE MENTIONED THE LONG-TERM US INTEREST IN EXPORTING AGRICULTURAL PRODUCTS TO CHINA, I TOOK HIM TO MEET WITH MOGENS PAGH, CHAIRMAN OF THE EAST ASIATIC CO (ANNUAL TURNOVER OF MORE THAN 4 BILLION DOLLARS), WHO RECENTLY RETURNED FROM AN EXTENSIVE VISIT TO CHINA. THE EAST ASIATIC CO HAS A LONG BUSINESS RELATIONSHIP WITH CHINA AND HAS MAINTAINED CONTINUOUS REPRESENTATION THERE EVEN DURING THE PAST DIFFICULT YEARS. MR PAGH HIMSELF SERVED IN CHINA BETWEEN 1935 AND 1947. AMONG ITS MANY ACTIVITIES AROUND THE WORLD, THE EAST ASIATIC CO PARTICIPATES IN THE CANADIAN GRAIN SALES TO CHINA. WHILE IN CHINA, MR PAGH WAS RECEIVED BY A VICE PRIME MINISTER AND AND AT MINISTERIAL LEVELS.

2. SEC BERGLAND OPENED OUR DISCUSSION WITH MR PAGY BY COMMENTING THAT THERE HAVE BEEN INDICATIONS RECENTLY FROM CHINA OF INCREASED INTEREST IN PURCHASING ABROAD AND THAT THERE APPARENTLY IS A SHIFT IN POLICY FROM COMPLETE SELF-SUFFICIENCY GOALS TOWARD IMPORTING MORE OF WHAT THEY NEED AND CAN AFFORD. MR PAGH CONCURRED IN THIS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COPENH 03091 101202Z

OBSERVATION AND PROCEEDED TO GIVE HIS IMPRESSIONS OF THE CHINESE SITUATION. HE INDEED FEELS THERE HAS BEEN A TREMENDOUS CHANGE IN CHINA'S ATTITUDE IN RECENT MONTHS. THE CHINESE ADMIT THAT THEY HAVE HAD SERIOUS SETBACKS AS A RESULT OF THE GANG OF FOUR AND THE CULTURAL REVOLUTION BUT THEY NOW SEEM DETERMINED TO PUT THAT BEHIND THEM AND MOVE AS RAPIDLY AS POSSIBLE TOWARD ECONOMIC DEVELOPMENT. THE CHINESE NOW SPEAK FREELY ABOUT SUCH THINGS, AS THEY COULD NOT

DO BEFORE. THEY KNOW THEY CANNOT ACHIEVE THEIR DEVELOPMENT TARGETS WITHOUT OUTSIDE HELP AND THEY PARTICULARLY WANT TO DEVELOP ECONOMIC CONTACTS WITH WEST EUROPE, FOR POLITICAL REASONS. THEY ARE INCLINED TO ARRANGE THEIR TRADING PATTERS AS THEY SEE THE POLITICAL PICTURE. WHILE THEY ARE PARTICULARLY INTERESTED IN DEVELOPING TRADE WITH WEST EUROPE, THEY DO NOT AVOID TRADE WITH OTHER COUNTRIES SUCH AS JAPAN, CANADA AND AUSTRALIA. THE U.S., WHILE NOT EXCLUDED, IS FARTHER DOWN ON THE LIST BECAUSE IT HAS NOT FULLY RECOGNIZED THE MAINLAND GOVERNMENT.

3. MR PAGH NOTED THAT THE CHINESE ARE IN FACT PURCHASING SOME MATERIALS FROM THE U.S. NOW, SUCH AS THE RECENT PURCHASES OF GRAINS WHICH CANADA AND OTHER EXPORTERS COULD NOT SUPPLY. THE EAST ASIATIC CO ITSELF IS CURRENTLY SELLING AMERICAN EQUIPMENT, SUCH AS JOHN DEERE FARM MACHINERY, TO CHINA UNDER A PROJECT IN WHICH THE EAST ASIATIC CO IS HELPING TO DEVELOP A LARGE STATE FARM. THE COMPANY ALSO HAS FIVE AMERICAN TECHNICIANS WORKING IN CHINA ON THIS PROJECT.

4. WHILE MR PAGH DID NOT OFFER SPECIFIC INFORMATION ABOUT NEAR-TERM GRAIN IMPORT REQUIREMENTS, HE DID QUOTE A 1977 GRAIN PRODUCTION FIGURE OF 270 MILLION TONS AND SAID THAT THE CHINESE GOAL IS 400 MILLION TONS PRODUCTION BY 1985. HE HEARD COMMENTS ABOUT DROUGHT IN SOME PARTS OF CHINA BUT DISCOUNTED THESE WITH THE OBSERVATION THAT THERE IS ALWAYS DROUGHT SOMEWHERE IN CHINA. HE FEELS THAT CHINA WILL MAINTAIN A SELF-SUFFICIENCY GOAL IN FOOD PRODUCTION BUT WILL NOT OBJECT TO IMPORTING AS NEEDED. HE EXPECTS CHINA TO ROUTINELY IMPORT WHEAT AND EXPORT RICE. MR PAGH OBSERVED THAT, CONTRARY TO THE EARLIER YEARS WHEN HE LIVED THERE, NOW THE PEOPLE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 COPENH 03091 101202Z

APPEAR TO BE WELL-FED AND HAPPY.

5. MR PAGH BELIEVES THAT CHINA WILL ACHIEVE ITS GOAL OF BECOMING A MAJOR WORLD ECONOMIC POWER BY THE END OF THIS CENTURY. HE SAID HE AND OTHER OBSERVERS ARE ENTHUSIASTIC ABOUT PRESENT CHINESE POLICIES AND THAT THEIR ONLY FEAR IS THAT THE LEADERSHIP MAY TRY TO MOVE FORWARD TOO FAST AND CAUSE AN ADVERSE INTERNAL REACTION FROM THE MORE ORTHODOX CHINESE POLITICAL FORCES. HE ALSO NOTED THAT IN THE KOMMUNES THE CHINESE NOW ARE RECEIVING INCENTIVES FOR ADDITIONAL OUTPUT AND THAT IF THEY WORK HARD, THEY EARN MORE; THEY CAN SELL PRODUCTION FOR THEIR OWN ACCOUNT AHAT IS IN EXCESS OF OFFICIAL PRODUCTION GOALS.

6. THE QUESTION REMAINS, GIVEN THE CURRENT CHINESE INTEREST IN IMPORTING TECHNOLOGY, EQUIPMENT AND FOOD AS NEEDED, AS TO HOW CHINA CAN PAY FOR INCREASED IMPORTS. MR PAGH OBSERVED THAT IN THE PAST CHINA WOULD ONLY IMPORT TO THE EXTENT OF ITS EXPORT EARNINGS PLUS THE FOREIGN EXCHANGE THAT FLOWED IN FROM OVERSEAS CHINESE. NOW, HOWEVER, HE BELIEVES THAT THE CHINESE ARE WILLING TO MAKE SOME TYPES OF CREDIT ARRANGEMENTS, SUCH AS AGREEING TO SUPPLY PETROLEUM IN THE FUTURE AGAINST CURRENT IMPORTS OF PETROLEUM DEVELOPMENT EQUIPMENT. THE MINISTRY OF COMMUNICATIONS HAS ASKED THE EAST ASIATIC CO TO HELP CHINA MODERNIZE ITS TRANSPORTATION SYSTEM BY SUCH MEANS AS DEVELOPING CONTAINERLIZATION, ROLL-ON CARGO, RIVER AND COASTAL

SHIPPING, ETC. THE COMPANY IS NOT SURE AT THIS POINT HOW IT WILL BE PAID FOR THESE EFFORTS BUT IS PROCEEDING TO REFINE THE REQUEST TO SPECIFICS AND ASSUMES THAT THE QUESTION OF PAYMENT WILL BE RESOLVED AS TIME GOES ON. (HE NOTED THAT CHINA IS ALSO VERY SHORT OF OCEAN SHIPPING.) HE EXPECTS THAT CHINA'S FUTURE FOREIGN EXCHANGE HOLDINGS WILL INCREASE AS A RESULT OF THE DEVELOPMENT OF CHINA'S HUGE COAL DEPOSITS, PETROLEUM, THE SUBSTITUTION OF DOMESTIC STEEL FOR IMPORTED STEEL, ETC.

7. MR PAGH MENTIONED THAT HE HEARD MANY REFERENCES TO THE "COMMON ENEMY" AND THE "THREATENING DIVISIONS IN THE NORTH" WHILE IN CHINA. NEVERTHELESS AN UNDERSECRETARY OF THE USSR FOREIGN MINISTRY WAS VISITING PEKING AT THE TIME HE WAS THERE.

8. SEC BERGLAND WAS GRATEFUL FOR MR PAGH'S FIRST-HAND INSIGHT ON CHINA AND CONCLUDED THE MEETING WITH THE COMMENT THAT THE U.S. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 COPENH 03091 101202Z

DOES INTEND TO PURSUE AGRICULTURAL SALES TO CHINA AND THAT HE WAS ENCOURAGED BY MR PAGH'S OBSERVATIONS.

9. THIS CABLE WAS DRAFTED AFTER SEC BERGLAND'S DEPARTURE.
DEAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978COPENH03091
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780198-0729
Format: TEL
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780575/aaaaculw.tel
Line Count: 140
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4bf2b0a1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2739955
Secure: OPEN
Status: NATIVE
Subject: SEC BERGLAND DISCUSSES CHINA WITH EAST ASIATIC CO.
TAGS: OVIP, DA, US, (BERGLAND, ROBERT)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4bf2b0a1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014